(2) REINSTATEMENT OF WORKERS OF THIRUVANNOOR COTTON MILL, LTD., KALLAI.

MR. SPEAKER:—" The hon. Member Sri K. P. Gopalan has given notice of an adjournment motion which reads as follows :—

' This Assembly stands adjourned to discuss an urgent matter of public importance, namely, the satyagraha by workers before the Thiruvannoor Cotton Mill, Limited, Kallai, South Malabar, for reinstatement in the mill and the failure of the Government to take necessary steps in the matter.'

I do not know how this matter can form the subject of an adjournment motion. The hon. Member seems to think that as soon as there is a strike, the matter should come up before this House on an adjournment motion! I must tell the House that it is clearly out of order as this is not a matter for which the Government are responsible."

III.—GOVERNMENT BILLS.

(1) THE MADRAS ENTERTAINMENTS TAX (AMENDMENT) BILL, 1953.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO:—" Mr. Speaker, Sir, I beg to introduce the Madras Entertainments Tax (Amendment) Bill [a], 1953, and move—

' *That the Bill be taken into consideration at once.*'

" The Madras Entertainments Tax (Amendment) Act, 1949 (Madras Act XVII of 1949), was brought into force on the 1st August 1949. Under section 1 (3) of that Act as amended by the Madras Entertainments Tax (Amendment) Act, 1950 (Madras Act XIII of 1950), the Act ceases to be in force from the 31st July 1953. We have brought forward this Amending Bill to extend the Act for a further period of three years up to and inclusive of the 31st July 1956.

" A show tax is being levied on the exhibitions of films held in Madras City at Rs. 2–8–0 for every show, on exhibitions held in municipalities notified in this behalf by the State Government at Rs. 2 for every show, and on exhibitions held in other municipalities at Rs. 1–8–0 for every show. For exhibitions held elsewhere other than those held with the cinematograph apparatus and plant moved from place to place, otherwise called touring cinemas, either in panchayat areas with a population of less than 10,000 at the last census or in non-panchayat areas, the tax levied is Re. 1 for every show.

" The question of continuing the levy of this tax for a further period of three years was examined in consultation with the Board of Revenue. The hon. Members of this House are well aware that the financial position of the Madras State is not very rosy. Considering the fall in revenue from commercial taxes, the State cannot afford to lose the fairly large income derived from this tax. Since the State is going to be partitioned shortly, we thought that the continuance of this Act for a further period of three years will

[a] Published in the *Fort St. George Gazette*, dated 1st July 1953.

do for the present, so that later on the Governments of the Andhra and the Residuary States might be left free to examine the position and make any changes that they may desire.

9-50 a.m. " Before I sit down, Sir, I would like to mention that the hon. Member Sri K. Krishna Rao from Nellore has asked for some information regarding this Bill. As there was no time to collect the material, print and place it on the table of the House, I wish to give it in this House. The first point that he wanted to know is the number of entertainments year-war from 1949. I am sorry the information regarding the number of entertainments on which this additional tax was imposed under section 4 (*a*) of the Madras Entertainments Tax (Amendment) Act, 1949 (Madras Act XVII of 1949), is not available at present. It takes considerable time and labour to gather the statistics and I am sorry I could not do it within this short time. The second point that he wanted to know is the income derived year-war from 1949. I give the following figures for the information of the House :—

| | | | RS. |
|---|---|---|---|
| 1949–1950 (1st August 1949 to 31st March 1950)—Income collected. | | | 3,99,394 |
| 1950–1951 for the full year—Income collected. | | | 6,38,540 |
| 1951–1952 | Do. | Do. | 6,84,939 |
| 1952–1953 | Do. | Do. | 6,86,103 |

I now request the House to take the Bill into consideration."

MR. SPEAKER :—" The motion before the House is—

' That the Madras Entertainments Tax (Amendment) Bill, 1953, be taken into consideration at once.' "

* SRI K. KRISHNA RAO :—" Mr. Speaker, Sir, I move—

*'That the Madras Entertainments Tax (Amendment) Bill, 1953, be referred to a Select Committee.'*

Sir, this Bill is designed to charge not so much the persons who go and see the entertainments, but the proprietors who actually show the entertainments. I think it was in 1949 that the then Finance Minister actually moved this Bill and while moving he gave some reasons as to what prompted the Government of the day to increase the entertainment tax. He said that at that time the Government were engaged in a number of works which they were doing on behalf of the Planning Commission, that they were running short of funds and that was why they were trying to reimburse their revenues by this tax. The very reason why the Assembly at that time gave only one year was proof that they were under the impression that this would last only for a year and that they would be able to have a surplus budget thereafter. But the position was that they actually did so many things with the result they could not balance the budget in the subsequent years also. This shows that the Government originally wanted to have it only for one year and they were banking upon hopes that they would be able to set their House in order so far as the finances of the State were concerned.

Now, the fact that the Government have not been able to do this is amply confirmed by the fact that they are coming out for renewal. We are entitled to know the actual position, why from 1949 to this date not merely have they not been able to complete the various works which they have planned to do, but they have been running into deficit year after year? We want to investigate into the whole matter and that can be done only by a Select Committee. I want to see whether by this tax we have been encouraging entertainments and the effect it had upon the cinemas and many other shows which are supposed to be taxed or whether it had a restrictive effect upon the entertainments or whether it had any other effect. That can be understood only if a Select Committee actually goes into this Bill in detail, not merely to know how it worked, but what difficulties arose in practice from 1949 to this date. If we are all at all to extend it, we will have to take the experiences gained in the working of the Bill all these years. If any amendments or modifications are needed, if either the taxes are to be enhanced or reduced, all these can be considered only in the light of the working and the experiences we had in these four years. Only a Select Committee will be able to calmly go into the whole matter and say that the measure is in accord with the times. Therefore, I say that this Bill should be referred to a Select Committee.''

SRI VAVILALA GOPALAKRISHNAIAH :—'' I second the amendment moved by my hon. Friend Mr. Krishna Rao.''

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—'' Mr. Speaker, I am grateful to the hon. Member Mr. Krishna Rao for the suggestions he made. As regards the examination of the Bill thoroughly and also for increasing or decreasing the tax, I submit that we need not have a Select Committee. I have actually borne in mind, when I moved this Bill, all the facts that he has mentioned. I am afraid there is nothing fresh to be examined by the Select Committee except to delay it. We cannot afford to delay this Bill as the present Act expires with the end of July 1953 and hardly four days are left. There is nothing fresh also to be examined in the Select Committee, the Bill having been once examined thoroughly and passed into an Act and this Act has been in operation all these years. If any fresh examination is necessary, certainly it could be done after the separation of the State and the two States can go into it thoroughly and they can make any changes as they desire according to the local conditions existing in each State. Even if this Bill is referred to a Select Committee on the eve of partition and the Select Committee makes certain recommendations, I am afraid they may not be quite acceptable to the new State. Because we are on the eve of separation and the Act is actually in force for the last four years and no complaints have been received, I feel it is not necessary to appoint a Select Committee at this stage. Hence I request the hon. Member Mr. Krishna Rao to withdraw his amendment.

[Sri S. B. P. Pattabhi Rama Rao] [28th July 1953

" With regard to the Planning Commission and the works which my predecessor Mr. Gopala Reddi had not been able to complete, according to Mr. Krishna Rao, I do not want to go into the merits or demerits of what he said at that time. But the hon. Member Mr. Krishna Rao is well aware of the financial position of the State just at present, how the expenditure is increasing day by day which we could not possibly control in spite of our best efforts and why we need more money immediately. I also request him to keep in view the ways and means position of the State and withdraw his amendment. I request the House to take this Bill into consideration at once."

10 a.m. * THE HON. SRI C. RAJAGOPALACHARI :—" Sir, the position is this. The hon. Member should understand that the entire proceeds go to local boards. I do not see why this Bill should be delayed. The hon. Member Mr. Kalyanasundaram was suggesting to me whether the Government would be content if it was extended by one year and the matter reconsidered later on. I leave that to the Hon. Minister for consideration."

* SRI T. VISWANATHAM :—" Sir, the Hon. the Chief Minister says that the entire proceeds under the two existing Acts would go to local bodies. I am afraid that is not correct."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :— " Except 10 per cent, 90 per cent of the proceeds go to local boards. Ten per cent is utilised for collection charges. Practically the net proceeds go to the local bodies."

* SRI T. VISWANATHAM :—" Sir, the whole of the ' Show ' tax goes to the Government. It is only to relieve their financial stringency that the Act was passed, and the whole proceeds go to the Government of Madras."

* SRI K. KRISHNA RAO :—" Sir, the Entertainments Tax Act consists of two parts. One is a tax upon the persons who go to the show. The other tax is upon the show itself, which is borne by the proprietors. So far as I am able to see from the proceedings of the Assembly in 1949, I find that this tax does not go to the local bodies. I cannot see that this tax goes to the local bodies."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" I might mention here, Sir, that there are two taxes, namely, (1) tax on the ticket (this is paid by the person who sees the show) and (2) tax on the shows. Hence there are two types of tax."

* SRI K. KRISHNA RAO :—" Sir, I wish to say a few words in reply to what the Hon. Minister has stated. He said that there was no need for examination. We are here to say that we are convinced, after seeing the working of the Act, that there is need for revision. The other thing is that for two years to come the Andhra State will be very busy attending to much more urgent

things and preliminaries concerning the formation and stabilization of the Andhra State. Therefore, I think that we should be very careful in dealing with these things."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, I am glad that Mr. Krishna Rao has made out a point which I myself wanted to mention to you. It will take at least two years for the Andhra State to settle down and think afresh of this Act. That is why I am asking time for three years for this Act, in which case there will be plenty of time for the Andhra State to consider and repeal this Act or amend it. Hence, a period of three years is an absolute necessity. I must respectfully submit to the Chief Minister that the period of three years may not be altered. We would like to have time for three years, and this Act has to be in force for three years. As regards examination, I might mention to the hon. Member Mr. Krishna Rao that examination and scrutiny can be had at closer quarters and in a smaller Assembly than this august Assembly. We can then certainly do all that is necessary to improve the Bill. As I have already explained, the Act will expire on the 31st July 1953. Therefore, I would now request the House to take this Bill into consideration."

MR. SPEAKER :—The question is—

'That the Madras Entertainments Tax (Amendment) Bill, 1953, be referred to a Select Committee.' "

The amendment was put and lost

SRI PILLALAMARRI VENKATESWARLU :—" Sir, the Hon. the Chief Minister's suggestion is that the period may be limited to one year. Has he clarified that point? "

MR. SPEAKER :—" We will take this up when we come to the relevant clause. The question is—

'That the Madras Entertainments Tax (Amendment) Bill, 1953, be taken into consideration at once.' "

The motion was put and carried.

*Clause 2.*

* SRI VAVILALA GOPALAKRISHNAIAH :—" Mr. Speaker, Sir, I move the amendment standing in my name, namely,—

'For *the figures and words* " 1*st August* 1956 ", substitute *the figures and words* " 31*st December* 1953 ".'

Sir, I submit that I differ from the view of the Hon. Minister in charge of the Bill that it will take two years for the Andhra State to settle down. This must be considered immediately. Because this is an emergency Bill. It must be discussed according to the needs and necessities of the States concerned. Mr. Kalyanasundaram and the Hon. the Chief Minister agreed to limit the period to one year. But I propose that it should be still further limited, i.e.,

it must be limited to six months. They have agreed to the principle that the concerned States will have to discuss the Bill. They want to give a long time for discussion and I want to give only a short period. Immediately after October this year, there will be meetings of the respective Assemblies. They can discuss the whole thing threadbare. There is a difference of opinion whether the proceeds go to the local boards or municipalities or both. The Hon. Minister Mr. Pattabhi Rama Rao states that the proceeds go to the local boards. On another occasion, he said the proceeds would go to municipalities. Probably both may be true. If he clarifies the position, I am prepared to accept his suggestion. A doubt has arisen in regard to district boards and municipalities. My point is that the Bill be taken up by the States concerned whether Andhra or Residuary State—after separation. Therefore, Sir, I move my amendment."

* SRI K. VENKAIAH :—" Sir. I second the amendment. While seconding the amendment, I have to say a few words. We know that the purchasing power of the people is going down day by day. If we do not take this factor into consideration, and keep taxes within limits, I am afraid, many entertainment concerns will be closed down. We already know that there is huge unemployment. Unemployment is becoming more and more. In view of this, the whole thing should be considered afresh. So, six months or one year should be fixed as the period. But it should not exceed one year. I support the amendment of Mr. Gopalakrishnaiah."

* SRI R. SIDDANNA GOWD :—" Sir, it is given out by the Hon. Minister who moved the Bill that the entire proceeds of the tax would go to the coffers of the local bodies. The Hon. Minister now denies that my surmise is wrong, and says that only a part of the proceeds will go to the local bodies. It is well known that the financial resources of the local bodies are not good. In view of the fact that the revenues from this tax will go to, or aid the finances of the local bodies of this State, I feel it incumbent on my part to support the Bill in its entirety. I appeal to my hon. friend Mr. Gopalakrishnaiah to withdraw his amendment."

10-10 a.m. SRI K. V. RAMESAM :—" In supporting the amendment for extending the time up to December 1953, my suggestion is that a period of one year is quite enough. The pros and cons of this legislation have to be fully discussed in the future Legislatures of the respective States. I therefore request the Government to accept the amendment which says that it will be enough if this legislation is extended for a period of one year."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Before the discussion proceeds further, I wish to clear certain points. As I have already mentioned there are two kinds of taxes. One is collected from the film-goers by way of a tax on tickets which is paid by the public who visit the entertainments. Ninety per cent

of that tax goes to the local bodies. The other tax that is paid by the exhibitors of films at a very small rate goes entirely to the Government and not to the local bodies."

* SRI PILLALAMARRI VENKATESWARLU :—" I do not know the reasons why the Hon. Minister who is responsible for bringing this Bill has prescribed a period of three years. After all, the State is shortly going to be divided and there will be two separate Legislatures to discuss the matter. If he has got any apprehensions about the formation of a Cabinet in the State of Andhra, then I quite appreciate his bringing forward this measure. If it is not so, I hope the period of one year is quite just and proper. If the Government agree with this view and accept the principle the amendment moved by Mr. Vavilala Gopalakrishnaiah need not be pressed. I hope the Government will be agreeable to this irrespective of the fact whether there will be a Cabinet in Andhra . . ."

* THE HON. SRI C. RAJAGOPALACHARI :—" The formation of the Andhra State has nothing to do with this legislation. Even though this Bill may be passed here now, the Andhra Legislature can still change this Bill, abolish it even and give a free hand to the cinema producers and annul the tax also. They can do all those things. It is only a question of time. So I say that instead of an order terminating in the middle of the financial year, it would be better if we have 31st March 1955. I move—

> ' For *the figures and words* " 1st *August* 1956 " *in the proposed sub-section* (3), substitute *the figures and words* "31*st March* 1955 ".' "

SRI PILLALAMARRI VENKATESWARLU :—" I think a period of one year will be quite sufficient. Meanwhile, the Legislature will meet and decide. Financial year has nothing to do with this."

* THE HON. SRI C. RAJAGOPALACHARI :—" I am surprised at this plea which is put forward on behalf of the picture-makers or exhibiters. It is not a tax on the film-goers. It is a tax on the organisers of films who are making money. This is not a question of the purchasing power of the people. If the big film-producers are not able to make huge profits as before, it is due to many causes. People are tired of bad shows. That is the reason why they don't attend shows as before."

* SRI M. KALYANASUNDARAM :—" It is not a plea for the film-producers or the owners of the cinema houses. If anybody should plead, it is the Government who should plead on their behalf, as most of the producers are supporters of the Congress."

THE HON. SRI C. RAJAGOPALACHARI :—" They are not our enemy ! "

Sri M. KALYANASUNDARAM :—" Our suggestion is that we should find out whether they are adequately taxed. That is why we say that for the time being we can extend the legislation for one year. If, however, there is any difficulty for the Government, let us have it till 31st December 1954."

The Hon. Sri C. RAJAGOPALACHARI :—" That is why, I have suggested that the legislation may be in force till 31st March 1955."

* The Hon. Sri S. B. P. PATTABHI RAMA RAO :—" There has been enough discussion on this clause. I would just mention one thing. As Mr. Krishna Rao has pointed out, there may be enough headaches for the new State in the beginning and there may not be enough time to go through such Bills. When once we are separated there may be time, as the Hon. Chief Minister pointed out to consider the legislation before 31st March 1955. The date 31st March 1955 is quite reasonable and I request hon. Member Sri Vavilala Gopalakrishnaiah to withdraw his amendment."

* Sri VAVILALA GOPALAKRISHNAIAH :—" Sir, I was not able to follow the suggestion of Hon. Sri Pattabhi Rama Rao. I do not know whether he was agreeable to my suggestion or to the suggestion made by the Hon. Chief Minister. If it is a question of having the legislation to suit the financial year, then why cannot they have it as 31st March 1954?"

* The Hon. Sri S. B. PATTABHI RAMA RAO :—" If we make it a 1954, there will be hardly any time for anybody to consider it after the new State is formed. We must have some more time. In the initial stages the Andhra State and its Legislature may have to attend to many more important issues. That is why we have suggested the date 31st March 1955 and it may be accepted, Sir."

Sri VAVILALA GOPALAKRISHNAIAH :—" In that case, I withdraw my amendment."

The amendment of hon. Member Sri Vavilala Gopalakrishnaiah was, by leave, withdrawn.

Mr. SPEAKER :—" I will now put the Government amendment to the vote of the House. The question is—

'For the figures and words '1st August 1956' in the proposed sub-section (3), the figures and words '31st March 1955' be substituted.'"

The amendment was put and carried.

Clause 2 as amended was put and carried. Clause 1 and the Preamble were then put and carried.

The Hon. Sri S. B. P. PATTABHI RAMA RAO :—" Sir. I beg to move—

'*That the Bill as amended be passed into law.*'"

28th July 1953]

* SRI T. VISWANATHAM :—" Sir, there is no doubt this legislation benefits the local bodies. It also benefits the sales tax department. In this connexion, I wish to bring to the notice of the Government that the Government are now losing quite a large amount under this head. A large number of seats in the cinema houses are now-a-days kept free for the officials of the Revenue, Police, Commercial Taxes, Electricity, Public Health and various other departments. In the administration of this Act, I request the Hon. Minister to look into this matter and see that seats in cinema houses are made available only to those who actually pay and that no seats are reserved for Government officials or servants of the local bodies. At the present time, many of the seats in the cinema houses are kept vacant for these officials and so the Government have to lose a large sum of money, which they would have otherwise got had those seats been occupied by persons who paid for them. To-day, entertainment tax and even surcharge is collected. In fact, cinemas are not entertainments; they are only a sort of recreation for the poor people and this tax and also the surcharge is recovered from these poor people. That being so, why should the Government lose money on account of their officials occupying many seats in cinema houses without paying for them and deprive the paying persons of their seats? I request the Hon. Minister to take these things into consideration and see that the administration of this beautiful tax is really made beautiful."

* THE HON. SRI C. RAJAGOPALACHARI :—" I am sorry Sri Viswanatham has always an eye on the dark and black things. (Laughter.) Here is a case where people attend entertainments. There are two sides to every question. At times, respectable people are invited to attend cinemas and made to sit there. Then other people think it is good to go and attend cinemas after paying in the box office. When officials go there we need not object to it. The seats will be better arranged, and things will be kept cleaner and tidier if occasionally people like those mentioned by Mr. Viswanatham go and sit there."

* SRI T. VISWANATHAM :—" Will the Hon. Chief Minister then issue instructions to the various departments asking the officials to visit the cinema houses more frequently than now on a free ticket system? "

THE HON. SRI C. RAJAGOPALACHARI :—" I would do that if the pictures were better." 10–20 a.m.

MR. SPEAKER :—" The question is—

' That the Madras Entertainments Tax (Amendment) Bill, 1953, as amended be passed into law.' "

The motion was put and carried and the Bill was passed into law.